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Security Information

27 August 1953

MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT: Department of State Draft for a DCID 15/1

REFERENCE: Director of Central Intelligence Directive 15/1,
17 August 1953 (Draft)

1. PROBLEM.

To analyze the referenced draft and to formulate an acceptable CIA position with recommendation of further action.

2. FACTS BEARING ON THE PROBLEM.

a. NSCIC 3 states that, as a general delineation of dominant interests in the production of intelligence, economic . . . intelligence shall be undertaken by each agency in accordance with its respective needs (Tab A). There is no implication that the Department of State has dominant interest in the economic intelligence field.

b. NSCIC 1 states that the Director of Central Intelligence shall perform for the benefit of the existing intelligence agencies such services of common concern as the National Security Council determines can be more efficiently accomplished centrally. By implication in NSCIC 3, the production of economic intelligence on the Soviet Bloc is of common concern to the intelligence agencies. Research in depth on the Soviet economy in its entirety can, in the view of CIA, be more efficiently accomplished centrally (Tab B).

c. NSCIC 3 states that any intelligence agency may call upon other appropriate agencies for intelligence which does not fall within its own field of dominant interest and that such requests shall be made upon the agencies in accordance with their production capabilities and dominant interest. CIA/State clearly cannot undertake the depth of research required to meet the needs of other intelligence agencies in those fields which are allocated to the Department of State in the reference draft, i.e., it has neither a dominant interest nor a production capability.

d. NSCIC 3 further states that the Director of Central Intelligence will seek to minimize the necessity for any agency to develop intelligence in fields outside its dominant interests. There would be no justification for the Department of State undertaking detailed research required for the production of intelligence on the Soviet Bloc on the basis of its departmental responsibilities. It is understood that the research organizations of CIA were, in part, established to assist the Director of Central Intelligence in providing intelligence production in areas not of dominant interest to other intelligence agencies.

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c. At the present time and in the foreseeable future, it is not expected that the R area of State will have adequate personnel to do more than minimum economic intelligence production on the Soviet Bloc strictly in support of Department of State responsibilities and is dependent upon economic research in greater depth produced elsewhere.

3. DISCUSSION.

a. It is felt that the time is not appropriate to define more specifically, than as set forth in NSCID 15, the responsibilities of CIA and the Service intelligence agencies in the production of economic intelligence. This Agency is not presently in a strong enough position to guarantee that it would emerge as the recognized dominant producer of economic intelligence on the Soviet Bloc. However, within a year to eighteen months, the direction of the OER economic research program is expected to demonstrate to the Service intelligence agencies a capacity to meet their basic requirements for intelligence on the Soviet Bloc economy. At that time, this Agency would be in a position to lead from strength, and a revision of NSCID 15 would be in order.

b. It is believed that the reference draft was formulated as a defensive tactic to the Agency's attempt to assume leadership in obtaining maximum economic research and intelligence production capabilities through understandings on allocations of responsibility. This defensive tactic would appear to be directed primarily against attendant suggested decreases in professional personnel.

c. The Department of State may have strategic purpose in formulating the reference draft in that Annex C gives responsibility to CIA for intelligence production in areas of direct interest to the Service agencies in carrying out their respective departmental responsibilities. The Department of State may envisage that, by advancing their proposal, severe strain might develop between CIA and the Service agencies and that the Department of State might emerge in a very strong position.

4. CONCLUSIONS.

That the Department of State does not have dominant interest or primary responsibility for the production of economic intelligence on the Soviet Bloc; in those fields allocated to it in Annex A of the reference draft; that this intelligence production is a matter of common concern and can be most efficiently accomplished centrally in OER, because it requires research in depth and an integrated approach to the entire economic structure; that the Department of State is not abiding by the intent of NSCID 3 to minimize the necessity for the Department to develop intelligence production capabilities in fields outside its dominant interest; and that the time is not ripe for considering a revision of NSCID 15.

5. ACTION RECOMMENDED.

That appropriate officials of the CIA and the Department of State have an exchange of views in order to obtain the following understandings, pending a much later consideration for revision of NSCID 15:

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a. Recognition by the Department of State of the de facto situation, namely, that its intelligence research staff is insufficient to do more than "overlayer" for policy purposes the basic economic intelligence produced elsewhere;

b. CIA's economic research program, to the fullest extent possible will incorporate the requirements of the Department of State for economic intelligence on the Soviet Bloc, with the intent that the Department of State will rely on CIA for such intelligence;

c. CIA recognize the need for the Department of State to maintain minimum professional staffs in this field to discharge its departmental responsibilities.

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TAB A

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EXTRACTS FROM PERTINENT INTELLIGENCE DIRECTIVES

A. NSCID-1 - DUTIES AND RESPONSIBILITIES

1. Paragraph 8 repeats the National Security Act of 1947 (as amended) Section 102 (d) (4) and states that "The Director of Central Intelligence shall perform for the benefit of the existing intelligence agencies such services of common concern as the NSC determines can be more efficiently accomplished centrally."

B. NSCID-3 - COORDINATION OF INTELLIGENCE PRODUCTION

The following paragraphs from NSCID-3 are pertinent.

1c (3) Any intelligence agency, either through the Director of Central Intelligence or directly, may call upon other appropriate agencies for intelligence which does not fall within its own field of dominant interest. Such requests shall be made upon the agencies in accordance with their production capabilities and dominant interest.

1c (4) As a part of the coordination program, the Director of Central Intelligence will seek the assistance of the IAC intelligence agencies in minimizing the necessity for any agency to develop intelligence in fields outside its dominant interests.

2. The research facilities required by any agency to process its own current and staff intelligence

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shall be adequate to satisfy its individual needs after taking full cognizance of the facilities of the other agencies. Each agency shall endeavor to maintain adequate research facilities, not only to accomplish the intelligence production tasks allocated to it directly under the foregoing provisions but also to provide such additional intelligence reports or estimates within its field of dominant interest as may be necessary to satisfy the requirements of the other agencies under such allocations.

3. For the purposes of intelligence production, the following divisions of interests, subject to refinement through a continuous program of coordination by the Director of Central Intelligence, shall serve as a general delineation of dominant interests:

Economic, Scientific, and Technological Intelligence . . . Each agency in accordance with its respective needs.

(H.B. Economic intelligence is the only broad field lacking a delineation of dominant agency interests.)

C. NSCIB-15 - COORDINATION AND PRODUCTION OF FOREIGN ECONOMIC INTELLIGENCE

1. Paragraphs 1, 2 and 3 deal largely with coordination and are taken care of by the terms of reference of the RIC. Paragraph 4 states "Conduct, as a service of common concern, such foreign economic research and produce such foreign economic intelligence as may be required (a) to

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TAB A, Cont'd

supplement that produced by other agencies either in the appropriate discharge of their regular departmental missions or in fulfillment of assigned intelligence responsibilities; (b) to fulfill requests of the Intelligence Advisory Committee.

D. DCID 3/4 - PRODUCTION OF SCIENTIFIC AND TECHNICAL INTELLIGENCE

1. Section 1 is almost identical with Section 1 in the State Department draft with the exception of Paragraph f which obligates each intelligence agency to coordinate and make available the intelligence of its Technical Services.

2. Paragraph 2a delineates dominant interests by defining or dividing the field into basic major areas. Annex A outlines subjects that are clearly of direct military importance and assigns responsibility for these subjects to the Department of Defense. Annex B assigns the subject of fundamental research on basic sciences and medicine to CIA. No primary responsibility is assigned any single agency for subjects of inter-related importance or for any general summary analysis.

3. Paragraph 2c deals with the JASIC and the SEC.

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TAB B

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**SUBSTANTIVE EXAMINATION OF DEPARTMENT OF STATE'S INTELLIGENCE
PRODUCTION RESPONSIBILITIES AS PRESENTED IN
DCID-15/1**

A. The proposed DCID 15/1 (Section 2) does not allocate responsibility for production of economic intelligence on the Bloc in a manner which would permit it to be "more efficiently accomplished" as required by NSCID 1. This is demonstrated in the following discussion.

1. While it might be possible to separate out some subjects for primary allocation to individual agencies, as a general proposition the numerous subjects requiring economic research are not readily separable. To the contrary they are most effectively and efficiently handled in an integrated way. It is obviously impossible to intelligently consider the Soviet Bloc economy without consideration of Soviet Bloc economic policy and the organization of the economy. Moreover, knowledge and consideration of these subjects are essential to the development of an economic intelligence research program on this area. To cite one example, a separation of research on the standard of living (assigned to State in the proposed Annex A) from research on agriculture (assigned to CIA in the proposed Annex C) would yield a distorted, compartmentalized conclusion and would not permit a meaningful analysis of a particular situation. The interrelationship of these two subjects was clearly demonstrated by the recent Malenkov speech and by the related food and living standard problems which prompted the recent outbreaks in East Germany.

2. Another example of the irrationality of separation is found in the close connection of research on government plans (assigned to State

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in the proposed DCID) and research on sectors of industry (assigned to CIA). The Soviet practice of giving production data as percentages of planned accomplishment is well known and statistical data on Soviet industry is often presented in relationship to plan goals. Many, many more examples could be given.

3. It is not enough to say--as it has been argued--that one agency can take another's and apply it just as effectively and efficiently in analyzing a related subject. It has been pragmatically demonstrated that the using research agency does not know enough of the methodology, the sources of data, the limitations of the analysis, and many other factors to relate this to other research studies without lengthy inter-agency discussions. This is not to say that it cannot be done, but simply that closely related research subjects can be more efficiently and effectively handled as a central service of common concern.

4. It is important to have centralized and integrated economic research on this area if the reports and statistical data are to be reasonably consistent. One of the main problems for the consumer of intelligence in Washington is the numerous reports on related subjects that contain conflicting data. A trade report, for example, might give one figure for Soviet petroleum exports while a petroleum study might have quite a different figure. Allocating research on international trade to OIR/State and research on industries such as petroleum to CIA simply compounds this difficulty. This is simply one example of

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hundreds that might be cited.

5. As recognized in the statement of proposed "Policies" above, "any agency may make such studies as it believes necessary to supplement intelligence obtained from other agencies in order to fulfill its agency functions. . . ." However, this research, particularly in OIR, is usually designed for a specific purpose and does not provide the detailed intelligence research required by other agencies which may wish to focus the research material on its specific departmental problems. To undertake the depth of research needed for economic research studies as a service of common concern would require more effort than could be justified by departmental requirements and, contrary to NSCID 3, paragraph 1, c (4), would require a departmental intelligence component to develop intelligence in fields outside its dominant interest. For example, certain covert CIA offices require studies of the organization of the Soviet economy that are much more detailed than would ever be provided by DRS/OIR in meeting its departmental responsibilities. If, on the other hand, ORR/CIA were to prepare detailed research papers on this subject as a service of common concern they would not be specifically focussed on a departmental problem and would be sufficiently detailed to be useful to a number of consumers including State, Air Force (Air Targets), CIA (DD/P), etc. Such studies would of necessity include: details of ministerial organization; lines of authority; inter-relationships between activities in one ministry (sales, supply, etc.) and between the different ministries; locational

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aspects; key personnel, etc. This again is only one example of many that might be cited. Very little imagination is required to extend this reasoning to such fields as international trade, economic policies, government budgets, etc. If OIR were to be allocated the primary or dominant interest in these subjects, it would be expected to provide detailed research studies on them as a service of common concern to the rest of the community. As noted in the statement of Policies in the proposed DCID, "any agency charged with primary responsibility in a particular field. . . will normally carry out all or most of the research in that field." To undertake this service in any sense would require over 100 professional personnel (as opposed to roughly 10-15 non-NIS professionals in OIR presently working on the Bloc economy) and an expenditure of this magnitude could not be justified on the basis of State's departmental needs for this research. Moreover, although it is outside the bounds of this intellectual presentation, it is clear from the present mood of Congress that OIR has absolutely no chance of securing an appropriation of the size demanded. The number of personnel in State today, plus or minus any changes they might reasonably be expected to make, would probably be adequate to meet staff intelligence requirements if they use ORR, CIA research studies as a basis for departmental staff papers.

6. Because of the paucity of information caused by Soviet Bloc security restrictions, any meaningful research on the Bloc requires an intensive analysis with a large number of highly trained personnel

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small sector--shipbuilding.

B. In summary:

1. OIR, State, cannot efficiently and effectively undertake the assignments outlined for itself in Annex A. Therefore, such an assignment would not only be contrary to NSCID 1, but would simply be illogical.

2. OIR could not adequately undertake these assignments as a service of common concern without an expenditure of time, personnel and money far out of line with that required to meet dominant departmental interests. Therefore, such an assignment would again not only be illogical but would be contrary to NSCID 3--particularly paragraphs 1c (3) and 1c (4).

3. CIA can more efficiently and effectively undertake this responsibility as a service of common concern and since this can be demonstrated to the NSC, CIA could obtain this responsibility under NSCID 1. Moreover, NSCID 15 permits CIA to supplement intelligence produced by other agencies in appropriate discharge of their regular departmental responsibilities. It is demonstrated above that the research undertaken by OIR in appropriate discharge of its regular responsibilities is inadequate to provide a service of common concern in the economic fields outlined in the proposed Annex A, and therefore OIR must provide this service.

4. A division of responsibility with the military intelligence components cannot be effectively negotiated at this time.

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using all sources of information--some of which is highly sensitive. It would not be possible for OIR to justify hiring the number of personnel required on the basis of its departmental responsibilities. It could be justified by ORR, CIA working for all agencies as a service of common concern. Moreover, many of the subjects listed for OIR coverage in the proposed DCID--including among others "the organization of the economy, international trade and government plans and controls"--must be researched on an all-source basis as a service of common concern if an adequate job is to be done.

7. Very little argumentation is presented here as to ORR's views on the allocation of military-economic intelligence to the Department of Defense. ORR feels that the foregoing analysis clearly demonstrates that State should not be assigned dominant interest in the subjects listed in the proposed Annex A. However, Annexes B and C are not discussed because ORR feels this is a very inappropriate time to make a division between CIA and the military intelligence components. Air Targets, for example, is deeply involved in plant analysis and ORR is not yet ready to provide adequate service to Air Force either in terms of substantive content or timing. The same is true of certain Army and Navy intelligence subjects. On the matter of military end-items alone, including the production and input requirements aspects, we have not reached the point where we could forcefully or logically negotiate with the services on such a division. Within a year or two this should be considerably clarified. Premature negotiations might well undermine our entire objective as revealed by the recent hassle with Navy on one

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